

Mar 24, 2021

SEAN F. McAVOY, CLERK

1 Daniel S. Kahn
2 Acting Chief, Fraud Section
3 U.S. Department of Justice
4 Avi Perry
5 Acting Principal Assistant Chief
6 John ("Fritz") Scanlon
7 Trial Attorney
8 1400 New York Avenue NW
9 Washington, DC 20005
10 Telephone: (202) 514-2000

11 UNITED STATES DISTRICT COURT
12 FOR THE EASTERN DISTRICT OF WASHINGTON

13 UNITED STATES OF AMERICA,

14 Plaintiff,

15 v.

16 CODY ALLEN EASTERDAY,

17 Defendant.

No. 4:21-CR-6012-SAB

INFORMATION

Vio: 18 U.S.C. § 1343
Wire Fraud

18 U.S.C. § 982
Forfeiture

19 The Acting Chief of the Fraud Section, Criminal Division, United States
20 Department of Justice charges:

21 At all times relevant to this Information:

22 **GENERAL ALLEGATIONS**

23 **I. The Defendant and Relevant Individuals and Entities**

24 1. Defendant **CODY ALLEN EASTERDAY** lived in Franklin County,
25 Washington. **CODY ALLEN EASTERDAY** was the president and an owner of
26 Easterday Ranches, Inc. ("Easterday Ranches"), and he controlled the company.
27
28

1 2. Easterday Ranches was a for-profit corporation organized under the laws
2 of the State of Washington. Easterday Ranches was a cattle-feeding operation and
3 maintained its principal office in Pasco, Washington.

4 3. Easterday Employee 1 was an employee and agent of Easterday Ranches
5 who worked in Easterday Ranches' office in Pasco, Washington.

6 4. Easterday Employee 2 was an employee and agent of Easterday Ranches
7 who worked in Easterday Ranches' office in Pasco, Washington.

8 5. Tyson Foods, Inc. ("Tyson Foods") was a publicly traded company
9 organized under the laws of Delaware, and its principal executive office was located in
10 Springdale, Arkansas. Tyson Foods was a multi-national, protein-focused food
11 company producing approximately 20% of the beef, pork and chicken in the United
12 States.

13 6. Tyson Fresh Meats, Inc. ("Tyson Fresh Meats") was a Delaware
14 corporation and a wholly owned subsidiary of Tyson Foods. Tyson Fresh Meats
15 operated a number of beef plants, including a plant located in or around Pasco,
16 Washington (the "Pasco Plant"). This Information will use "Tyson" to refer collectively
17 to Tyson Foods and Tyson Fresh Meats.

18 7. Tyson Employee 1 was an employee and agent of Tyson. Tyson Employee
19 1 was a Manager in Tyson's Cattle Alliance Program. Tyson Employee 1's primary
20 office at Tyson was located in Dakota Dunes, South Dakota.

21 8. Company 1 was a limited liability company organized under the laws of
22 the State of Washington, and its principal office was located in Tukwila, Washington.

23 9. CME Group Inc. ("CME") was a publicly traded company organized under
24 the laws of Delaware that was headquartered in Chicago, Illinois. CME operated a
25 financial derivatives exchange that allowed traders to buy and sell, among other
26 commodities, live cattle futures contracts.

27

28

II. The Cattle Feeding Agreements Between Easterday Ranches and Tyson

10. In or around March 2014, Easterday Ranches entered into a Cattle Feeding Agreement (the “2014 Agreement”) with Tyson.

11. Defendant **CODY ALLEN EASTERDAY** signed the 2014 Agreement on behalf of Easterday Ranches, identifying himself as the president and one of two owners of Easterday Ranches. **CODY ALLEN EASTERDAY** also signed a personal guarantee included in the 2014 Agreement, in which he “unconditionally, irrevocably and absolutely guarantee[d], as primary obligor[] and not as suret[y], the full and timely payment, performance, and satisfaction by [Easterday Ranches] of all their obligations to [Tyson] pursuant to the terms of this agreement.”

12. Under the 2014 Agreement, Easterday Ranches agreed to procure feeder cattle on behalf of Tyson and provide feeding space for the cattle until they were sent for slaughter at the Pasco Plant. Easterday Ranches agreed to provide Tyson supporting documentation regarding the procurement costs of the feeder cattle that Easterday Ranches proposed to purchase on behalf of Tyson. Upon approval by Tyson, Easterday Ranches would purchase the feeder cattle, and Tyson agreed to reimburse Easterday Ranches for the purchase costs. After the purchase, Tyson had the right to request title documents showing Tyson’s ownership of the cattle.

13. Under the 2014 Agreement, Tyson further agreed to reimburse Easterday Ranches for the costs associated with growing the purchased cattle to market weight. Easterday Ranches agreed to seek such reimbursement by billing Tyson twice monthly. Easterday Ranches agreed that the bills would accurately reflect the costs associated with growing the cattle to market weight.

14. The 2014 Agreement provided that, in consideration of Tyson funding the costs of the cattle, along with funding the feed and care of the cattle, Easterday Ranches agreed to reimburse Tyson for all such costs, plus interest, as well as certain other costs, when the cattle were slaughtered at the Pasco Plant. Easterday Ranches would keep as profit (if any) the amount by which the market value of the cattle at the time of slaughter

1 exceeded the costs it owed to Tyson. If the market value of the cattle at the time of
2 slaughter was below the costs Easterday Ranches owed to Tyson, Easterday Ranches
3 would be required to pay Tyson the difference (i.e., Easterday Ranches would suffer a
4 loss).

5 15. In or around February 2017, Easterday Ranches and Tyson entered into
6 another Cattle Feeding Agreement (the “2017 Agreement”) whose relevant terms were
7 substantially similar to those described above. **CODY ALLEN EASTERDAY** signed
8 the 2017 Agreement on behalf of Easterday Ranches, again identifying himself as
9 Easterday Ranches’ president and owner. No other owners of Easterday Ranches were
10 listed in the 2017 Agreement. **CODY ALLEN EASTERDAY** also signed a personal
11 guarantee included in the Agreement, in which he “unconditionally, irrevocably and
12 absolutely guarantee[d], as primary obligor[] and not as suret[y], the full and timely
13 payment, performance, and satisfaction by [Easterday Ranches] of all their obligations
14 to [Tyson] pursuant to the terms of this agreement.”

15 16. In or around August 2020, Easterday Ranches and Tyson agreed to amend
16 the 2017 Agreement to extend its term through August 20, 2021. **CODY ALLEN**
17 **EASTERDAY** signed the extension of the 2017 Agreement on behalf of Easterday
18 Ranches, again identifying himself as the company’s president.

19 **III. The Agreements Between Easterday Ranches and Company 1**

20 17. In addition to the cattle feeding agreements between Easterday Ranches
21 and Tyson, and continuing until in or around September 2020, Easterday Ranches also
22 entered into a series of livestock bills of sale involving Company 1. Through these bills
23 of sale, Easterday Ranches agreed to raise cattle on behalf of Company 1 until the cattle
24 were slaughter-ready, using purchase funds and prepaid feed costs advanced by
25 Company 1. Easterday Ranches further agreed that, when the cattle ultimately were
26 sold for slaughter, Easterday Ranches would repay the advanced funds to Company 1
27 plus 4% interest. Easterday Ranches would keep as profit (if any) the amount by which
28 the sale price at slaughter exceeded the costs it owed to Company 1. If the sale price at

1 the time of slaughter was less than the amount Easterday Ranches owed to Company 1,
2 Easterday Ranches would suffer a loss. **CODY ALLEN EASTERDAY** signed each
3 livestock bill of sale on behalf of Easterday Ranches.

4 **COUNT 1**

5 **Wire Fraud**

6 **18 U.S.C. § 1343**

7 18. The allegations in Paragraphs 1 through 17 are realleged and incorporated
8 herein by reference.

9 The Scheme and Artifice to Defraud

10 19. Beginning in or around 2016 and continuing through in or around
11 November 2020, in the Eastern District of Washington and elsewhere, the Defendant
12 **CODY ALLEN EASTERDAY** knowingly, and with the intent to defraud, devised and
13 intended to devise a scheme and artifice to defraud Tyson, Company 1 and the CME
14 and to obtain money and property from Tyson and Company 1 by means of materially
15 false and fraudulent pretenses, representations, promises, and omissions, and did
16 knowingly transmit and cause to be transmitted by means of wire communications in
17 interstate commerce certain writings, signs, signals, pictures, and sounds for the
18 purposes of executing such scheme and artifice.

19 Purpose of the Scheme and Artifice to Defraud

20 20. The object and purpose of the scheme and artifice to defraud was for
21 Defendant **CODY ALLEN EASTERDAY** to unlawfully obtain money for himself and
22 his company, Easterday Ranches, by: (1) submitting and causing others to submit
23 materially false and fraudulent invoices and other information to Tyson and Company
24 1 that sought reimbursement for Easterday Ranches' purported costs of purchasing and
25 growing cattle that did not actually exist; and (2) using the fraud proceeds for his
26 personal use and benefit, and for the benefit of Easterday Ranches, including by
27 covering approximately \$200 million in commodity futures contracts trading losses.
28

1 Manner and Means of the Scheme and Artifice to Defraud

2 It was part of the scheme and artifice to defraud that:

3 21. Beginning in or around 2016 and continuing through in or around
4 November 2020, **CODY ALLEN EASTERDAY** transmitted and caused others to
5 transmit emails from within the State of Washington to Tyson employees outside the
6 State of Washington, that contained and attached materially false and fraudulent
7 invoices and other information that sought reimbursement from Tyson for the purported
8 cost of purchasing and growing hundreds of thousands of cattle that were never actually
9 purchased by or delivered to **CODY ALLEN EASTERDAY** or Easterday Ranches,
10 and that did not actually exist.

11 22. When seeking reimbursement for cattle that Easterday Ranches
12 purportedly purchased on behalf of Tyson under the 2014 and 2017 Cattle Feeding
13 Agreements (collectively, the “Cattle Feeding Agreements”), **CODY ALLEN**
14 **EASTERDAY** typically caused Easterday Employee 1 or another agent or employee
15 of Easterday Ranches to send an email from Easterday Ranches’ office in Pasco,
16 Washington, to Tyson Employee 1, who was based in Dakota Dunes, South Dakota.
17 The emails were frequently entitled “New Placements,” and they attached (i) invoices
18 from Easterday Ranches to Tyson seeking payment for cattle that Easterday Ranches
19 had purportedly purchased on behalf of Tyson, and (ii) “Breakeven Projections,” which
20 set forth various information about the cattle that Easterday Ranches had purportedly
21 purchased on behalf of Tyson, including the lot number, headcount, sex, and a financial
22 analysis.

23 23. The invoices and Breakeven Projections attached to these “New
24 Placements” emails often sought millions of dollars from Tyson for thousands of head
25 of cattle that **CODY ALLEN EASTERDAY** or Easterday Ranches purportedly
26 purchased on behalf of Tyson under the Cattle Feeding Agreements.

27 24. Beginning in or around 2016 and continuing through November 2020,
28 **CODY ALLEN EASTERDAY** caused these “New Placements” emails to attach

1 materially false and fraudulent invoices and Breakeven Projections that sought
2 reimbursement under the Cattle Feeding Agreements for the purported cost of
3 purchasing cattle that were never actually purchased by or delivered to **CODY ALLEN**
4 **EASTERDAY** or Easterday Ranches, and that did not actually exist.

5 25. At the time **CODY ALLEN EASTERDAY** caused the “New Placements”
6 emails attaching the materially false and fraudulent invoices and Breakeven Projections
7 to be sent to Tyson, **CODY ALLEN EASTERDAY** knew that the invoices and
8 Breakeven Projections sought payment for cattle that were never actually purchased by
9 or delivered to **CODY ALLEN EASTERDAY** or Easterday Ranches, and that did not
10 actually exist.

11 26. Tyson made payments to Easterday Ranches in reliance on the invoices
12 and Breakeven Projections attached to the “New Placements” emails, including the
13 invoices and Breakeven Projections for the cattle that were never actually purchased by
14 or delivered to **CODY ALLEN EASTERDAY** or Easterday Ranches, and that did not
15 actually exist.

16 27. When seeking reimbursement for the cost of feeding cattle that Easterday
17 Ranches purportedly purchased on behalf of Tyson under the Cattle Feeding
18 Agreements, **CODY ALLEN EASTERDAY** typically caused agents and employees
19 of Easterday Ranches, including Easterday Employee 1 and Easterday Employee 2, to
20 send an email from Easterday Ranches’ office in Pasco, Washington, to Tyson
21 employees based in Pasco, Washington. These emails attached invoices from Easterday
22 Ranches to Tyson seeking payment for the cost of feed used to grow the cattle that
23 Easterday Ranches had purportedly purchased on behalf of Tyson

24 28. Beginning sometime in or around at least 2018 and continuing through in
25 or around November 2020, **CODY ALLEN EASTERDAY** caused these emails to
26 attach materially false and fraudulent invoices that sought reimbursement under the
27 Cattle Feeding Agreements for the purported cost of feeding cattle that were never
28

1 actually purchased by or delivered to **CODY ALLEN EASTERDAY** or Easterday
2 Ranches, and that did not actually exist.

3 29. In addition, **CODY ALLEN EASTERDAY** at times personally sent
4 emails to Tyson employees seeking payment of the feed invoices, including the
5 materially false and fraudulent feed invoices that sought reimbursement for the
6 purported cost of feeding cattle that were never actually purchased by or delivered to
7 **CODY ALLEN EASTERDAY** or Easterday Ranches, and that did not actually exist.

8 30. At the time **CODY ALLEN EASTERDAY** caused the emails attaching
9 the materially false and fraudulent feed invoices to be sent to Tyson and sent emails
10 seeking payment of the invoices, **CODY ALLEN EASTERDAY** knew that the
11 invoices sought payment for the cost of feeding cattle that were never actually
12 purchased by or delivered to **CODY ALLEN EASTERDAY** or Easterday Ranches,
13 and that did not actually exist.

14 31. Tyson made payments to Easterday Ranches in reliance on the feed
15 invoices attached to the emails, including the invoices for the cattle that were never
16 actually purchased by or delivered to **CODY ALLEN EASTERDAY** or Easterday
17 Ranches, and that did not actually exist.

18 32. In total, as a result of the false and fraudulent representations that **CODY**
19 **ALLEN EASTERDAY** made and caused to be made, Tyson paid Easterday Ranches
20 approximately \$233,008,042 for the purported costs of purchasing and growing
21 hundreds of thousands of cattle that were never actually purchased by or delivered to
22 **CODY ALLEN EASTERDAY** or Easterday Ranches, and that did not actually exist.

23 33. In addition, beginning in or around March 2020 and continuing through in
24 or around September 2020, **CODY ALLEN EASTERDAY** submitted and caused to
25 be submitted to Company 1 false and fraudulent bills of sale and invoices that sought
26 payment from Company 1 for the purported cost of purchasing and feeding cattle that
27 were never actually purchased by or delivered to **CODY ALLEN EASTERDAY** or
28 Easterday Ranches, and that did not actually exist.

1 34. In total, as a result of the false and fraudulent representations that **CODY**
2 **ALLEN EASTERDAY** made and caused to be made, Company 1 paid Easterday
3 Ranches approximately \$11,023,084 for the purported costs of purchasing and raising
4 thousands of cattle that were never actually purchased by or delivered to **CODY**
5 **ALLEN EASTERDAY** or Easterday Ranches, and that did not actually exist.

6 35. **CODY ALLEN EASTERDAY** used a significant portion of the proceeds
7 of the scheme to cover approximately \$200 million in commodity futures contracts
8 trading losses that **CODY ALLEN EASTERDAY** incurred on behalf of Easterday
9 Ranches from in or around 2011 through in or around 2020.

10 36. In connection with his commodity futures trading, on or around October
11 17, 2017, and again on or around July 12, 2018, **CODY ALLEN EASTERDAY** caused
12 Easterday Ranches to submit to the CME an Application to Exceed Position Limits that
13 falsely inflated the number of cattle in Easterday Ranches' inventory at the time the
14 application was submitted. Each of the applications was signed by **CODY ALLEN**
15 **EASTERDAY** as the president of Easterday Ranches. These materially false and
16 fraudulent applications were designed to permit Easterday Ranches to exceed position
17 limits in live cattle futures contracts that the CME otherwise would have applied to
18 Easterday Ranches.

19 Interstate Wire in Furtherance of the Scheme and Artifice to Defraud

20 37. On or around May 7, 2020, in the Eastern District of Washington, and
21 elsewhere, **CODY ALLEN EASTERDAY**, for the purpose of executing the aforesaid
22 scheme and artifice to defraud, and attempting to do so, did knowingly transmit and
23 cause to be transmitted, by means of wire, radio, and television communication, certain
24 writings, signals, pictures, and sounds in interstate commerce, to wit: an email
25 transmitted from a location inside the Eastern District of Washington to a location
26 outside the State of Washington attaching, among other things, two materially false and
27 fraudulent invoices from Easterday Ranches to Tyson seeking payment of
28 approximately \$5,314,326.11 for eight lots of cattle that were never actually purchased

1 by or delivered to **CODY ALLEN EASTERDAY** or Easterday Ranches, and that did
2 not actually exist.

3 All in violation of Title 18, United States Code, Section 1343.

4 **NOTICE OF FORFEITURE**

5 **18 U.S.C. § 982**

6 38. Pursuant to Rule 32.2(a) of the Federal Rules of Criminal Procedure, notice
7 is hereby given that the United States of America will seek forfeiture as part of any
8 sentence, pursuant to Title 18, United States Code, Section 982(a)(2), upon the
9 defendant's conviction of the offense set forth in this Information.

10 39. The defendant shall forfeit to the United States of America the following:

11 (a) All right, title, and interest in any and all property, real or personal,
12 constituting, or derived from, any proceeds obtained, directly or indirectly, as a result
13 of the offense; and

14 (b) To the extent such property is not available for forfeiture, a sum of
15 money equal to the total value of the property described in subparagraph (a).

16 40. Pursuant to Title 21, United States Code, Section 853(p), as incorporated
17 by Title 18, United States Code, Section 982(b), the defendant, upon conviction, shall
18 forfeit substitute property, up to the total value of the property described in the
19 preceding paragraph if, as the result of any act or omission of the defendant, the property
20 described in the preceding paragraph, or any portion thereof: (a) cannot be located upon
21 the exercise of due diligence; (b) has been transferred, sold to, or deposited with a third
22 party; (c) has been placed beyond the jurisdiction of the court; (d) has been substantially
23 diminished in value; or (e) has been commingled with other property that cannot be
24 divided without difficulty.

1 DATED this 23rd day of March, 2021

2 Daniel Kahn / JFS

3 Daniel S. Kahn

4 Acting Chief, Fraud Section

5 U.S. Department of Justice

6

7

8 Avi Perry

9 Acting Principal Assistant Chief, Fraud Section

10 U.S. Department of Justice

11

12 John ("Fritz") Scanlon

13 Trial Attorney, Fraud Section

14 U.S. Department of Justice

15

16

17

18

19

20

21

22

23

24

25

26

27

28